

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.

Financial Statements

March 31, 2020



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L. BOURQUE & ASSOCIATES P. C. INC.

CHARTERED PROFESSIONAL ACCOUNTANTS | COMPTABLES PROFESSIONNELS AGRÉÉS

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Fondation Hôpital Dr-Georges-L.-Dumont Inc.

Qualified Opinion

We have audited the financial statements of Fondation Hôpital Dr-Georges-L.-Dumont Inc. (the organization), which comprise the balance sheet as at March 31, 2020, and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

However, in common with many charitable organizations, Dr. Georges-L.-Dumont Hospital Foundation Inc. derives revenue from donations of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Dr. Georges-L.-Dumont Hospital Foundation Inc. Therefore, we were not able to determine whether any adjustments might be necessary to recorded contributions, the excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description, which is located at page 4, forms part of our auditor's report.

L. Bourque & Associates P.C. Inc.
L. Bourque & Associates P.C. Inc.
Chartered Professional Accountants

Dieppe, New-Brunswick
June 23, 2020

APPENDIX TO INDEPENDENT AUDITOR'S REPORT

Description of the Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Statement of Revenues and Expenses
Year Ended March 31, 2020

	2020	2019
Revenues		
Specific activities	\$ 2,553,841	\$ 1,861,774
Other donations	1,366,069	1,153,570
Investment income	95,837	136,481
Other income	12,458	-
	<u>4,028,205</u>	<u>3,151,825</u>
Expenses		
Administrative expenses	105,766	91,238
Advertising and promotion	12,611	23,914
Amortization of capital assets	3,029	2,903
Office supplies and stationery	9,534	8,765
Salaries and benefits	419,485	406,379
Specific activities	721,155	603,208
Travel expenses	18,604	680
	<u>1,290,184</u>	<u>1,137,087</u>
Excess of revenues over expenses before contributions	<u>2,738,021</u>	<u>2,014,738</u>
Contributions		
Vitalité Health Network - Zone Beauséjour	(2,235,579)	(1,712,378)
Atlantic Cancer Research Institute Inc.	(320,406)	(451,524)
	<u>(2,555,985)</u>	<u>(2,163,902)</u>
Excess (deficiency) of revenues over expenses	<u>\$ 182,036</u>	<u>\$ (149,164)</u>

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Statement of Changes in Net Assets
Year Ended March 31, 2020

						2020	2019
	Invested in capital assets	Internally restricted	Externally restricted	Endowment University Mission	Unrestricted	Total	Total
Balance, beginning of year	\$ 8,816	\$ 3,928,574	\$ 1,386,154	\$ 23,300	\$ -	\$ 5,346,844	5,496,008
Excess (deficiency) of revenues over expenses	-	-	-	-	182,036	182,036	(149,164)
Net appropriations - internally restricted	-	(89,311)	-	-	89,311	-	-
Net appropriations - externally restricted	-	-	256,931	9,400	(266,331)	-	-
Amortization of capital assets	(3,029)	-	-	-	3,029	-	-
Acquisition of capital assets	8,045	-	-	-	(8,045)	-	-
Balance, end of year	\$ 13,832	\$ 3,839,263	\$ 1,643,085	\$ 32,700	\$ -	\$ 5,528,880	5,346,844

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Balance Sheet
March 31, 2020

	2020	2019
Assets		
Current assets		
Cash	\$ 4,030,884	\$ 3,961,783
Accounts receivable	76,376	84,100
Accrued interest	4,768	4,758
Prepaid expenses	10,255	8,853
Current portion of investments (note 3)	324,118	298,316
	<u>4,446,401</u>	<u>4,357,810</u>
Investments (note 3)	1,491,808	1,498,600
Capital assets (note 4)	13,832	8,816
	<u>\$ 5,952,041</u>	<u>\$ 5,865,226</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 401,131	\$ 518,382
Deferred donations	22,030	-
	<u>423,161</u>	<u>518,382</u>
Net assets		
Invested in capital assets	13,832	8,816
Internally restricted	3,839,263	3,928,574
Externally restricted	1,643,085	1,386,154
Endowment fund University Mission	32,700	23,300
	<u>5,528,880</u>	<u>5,346,844</u>
	<u>\$ 5,952,041</u>	<u>\$ 5,865,226</u>

Commitments (note 5)

On behalf of the Board

_____, Director

_____, Director

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 182,036	\$ (149,164)
Non-cash item:		
Amortization of capital assets	3,029	2,903
	<u>185,065</u>	<u>(146,261)</u>
Net change in non-cash items related to operating activities:		
Accrued interest	(10)	1,157
Accounts receivable	7,724	2,786
Prepaid expenses	(1,402)	9,536
Accounts payable and accrued liabilities	(117,251)	(55,268)
Deferred donations	22,030	-
	<u>96,156</u>	<u>(188,050)</u>
Investing activities		
Net change in investments	(19,010)	(85,827)
Acquisition of property, plant and equipment	(8,045)	-
	<u>(27,055)</u>	<u>(85,827)</u>
Increase (decrease) in cash	69,101	(273,877)
Cash, beginning of year	3,961,783	4,235,660
Cash, end of year	\$ 4,030,884	\$ 3,961,783
Cash and cash equivalents		
Cash	<u>\$ 4,030,884</u>	<u>\$ 3,961,783</u>

1. Statutes of incorporation and nature of activities

Dr. Georges-L.-Dumont Hospital Foundation Inc. (the Foundation) is incorporated as a not-for-profit whose mission is to support the development of the Dr. Georges-L.-Dumont Regional Hospital and its partners to enhance health care services. The Foundation is a registered charity under the Income Tax Act.

2. Significant accounting policies

The organization applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Fund accounting

Externally restricted net assets represent resources contributed for specific purposes.

Internally restricted net assets represent resources that have been allocated for specific purposes by the Board of Directors of the Foundation.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Contributed services

The Foundation would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

2. Significant accounting policies (continued)

Capital assets

Capital assets are accounted for at cost. Amortization is calculated using the following methods and rates:

	Method	Rate
Office furniture	Declining balance	20% to 55%
Improvements to office space	Straight-line	5 years

Deferred contributions

Capital asset contributions are accounted for as deferred contributions and amortized on the same basis as the related capital assets.

Financial instruments

Initial and subsequent measurement

The organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, trade and other receivable.

Financial liabilities measured at amortized cost on a straight-line basis include trade accounts payable and accrued liabilities.

Financial assets measured at fair value include quoted shares and fixed income securities.

Cash and cash equivalents

The organization's policy is to present bank balances, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, under cash and cash equivalents.

FONDATION HÔPITAL DR-GEORGES-L.-DUMONT INC.
Notes to Financial Statements
March 31, 2020

3. Investments

	2020	2019
Cash	\$ 51,436	\$ 31,391
Fixed income securities, 1.88% to 7.30%, maturing December 2020 to December 2048, measured at fair value	1,609,599	1,594,777
Quoted shares measured at fair value	154,891	170,748
	<u>1,815,926</u>	<u>1,796,916</u>
Current portion of investments	324,118	298,316
	<u>\$ 1,491,808</u>	<u>\$ 1,498,600</u>

4. Capital assets

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture	\$ 56,424	\$ 44,649	\$ 11,775	\$ 5,936
Improvements to office space	119,114	2,057	117,057	117,880
	175,538	46,706	128,832	123,816
Deferred contributions	115,000	-	115,000	115,000
	<u>\$ 60,538</u>	<u>\$ 46,706</u>	<u>\$ 13,832</u>	<u>\$ 8,816</u>

5. Commitments

As of March 31, 2020, the Foundation is committed to contribute a total of \$5,478,513 of which \$5,348,673 is to the Regional Health Authority A Zone 1B, \$75,000 to Services Palliatifs Communautaires Beauséjour Inc., \$25,000 to Fondation Stella Maris and \$29,840 to other foundations. The amount of \$5,478,513 is not due to be paid out completely in the next fiscal year, but rather it will be disbursed as the projects are finalized or as the allocated funds are required by the Hospital.

6. Allocation of expenses

The Foundation attributes salaries and benefits based on time allocated to specific activities.

Salaries and benefits have been allocated as follows:

	2020	2019
Administration	\$ 419,485	\$ 406,379
Specific activities	245,819	221,105
	<u>\$ 665,304</u>	<u>\$ 627,484</u>

7. Financial instruments

Financial risks

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to accounts receivable and notes receivable.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The organization is exposed to interest rate risk on its fixed-interest rate financial instruments. Fixed interest rate instruments subject the organization to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in quoted shares for which the value fluctuates with the quoted market price.

8. Comparative figures

Certain figures for 2019 have been reclassified to make their presentation identical to that adopted in 2020.